

Exhibit 1

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 1

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

IN RE: CATHODE RAY TUBE (CRT)

ANTITRUST LITIGATION

Case No.
3:14-cv-02510

This Document Relates To:

Master File No.
3:07-cv-05944-SC

ALL ACTIONS

MDL No. 1917

** HIGHLY CONFIDENTIAL **

VIDEOTAPED DEPOSITION OF
VIEWSONIC CORPORATION'S 30(B)(6) WITNESS

BONNY CHENG

October 9, 2014

9:19 a.m. to 8:51 p.m.

515 South Flower Street, 40th Floor

Los Angeles, California

REPORTED BY:

Jean F. Holliday

CSR No. 4535, RPR, CRR

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 38

1 here to testify about.

2 THE WITNESS: I don't know.

3 BY MR. VAN HORN:

4 Q. What is VSA, what does that refer to?

5 A. It's our U.S. sales regions and headquarters.

6 Q. And what is VSI?

7 A. VSI is our Asia Pacific regions.

8 Q. What is VSC or VSCN?

9 A. VSC is ViewSonic Corporation.

10 Q. What is VSCN?

11 A. ViewSonic China.

12 Q. How does ViewSonic Corporation relate to VSA?

13 MR. HEAVEN: Object to form. Vague.

14 Ambiguous.

15 THE WITNESS: They are at the same location.

16 BY MR. VAN HORN:

17 Q. Are they different companies?

18 A. I'm not sure.

19 Q. How about ViewSonic Corporation and VSI, are --
20 how do they relate to each other?

21 MR. HEAVEN: Same objections.

22 THE WITNESS: I'm not sure.

23 BY MR. VAN HORN:

24 Q. Are they the same company?

25 A. I'm not sure.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 52

1 THE WITNESS: We have main offices but there
2 may be some smaller offices that I may not be aware of.

3 BY MR. VAN HORN:

4 Q. About how many offices were there in the United
5 States during the relevant period?

6 A. You mean main --

7 MR. HEAVEN: Object to form.

8 THE WITNESS: You mean main offices or --

9 BY MR. VAN HORN:

10 Q. What's a main office?

11 A. A lot of people working in the location.

12 Q. Okay. So how many main offices did ViewSonic
13 have in North America during the -- excuse me -- the
14 United States during the relevant period?

15 MR. HEAVEN: Object to form. Lacks foundation.
16 Calls for speculation. Vague. Ambiguous.

17 THE WITNESS: I'm not very sure, but I work out
18 from Walnut, California.

19 BY MR. VAN HORN:

20 Q. Other than the one main office at California,
21 where is another main office of ViewSonic in the United
22 States during the relevant period?

23 MR. HEAVEN: Same objection.

24 THE WITNESS: I don't know.

25 ///

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 55

1 BY MR. VAN HORN:

2 Q. What was the -- what division or group within
3 ViewSonic was responsible for purchasing CRT finished
4 products?

5 A. What do you mean by division?

6 Q. What group within ViewSonic Corporation?

7 A. Purchasing.

8 Q. Is this the group you were in?

9 A. Yes.

10 Q. This is -- did you head that group at one
11 point?

12 A. Yes.

13 Q. And where was that group located during the
14 relevant period?

15 A. In the U.S.

16 Q. Yes, where in the United States?

17 A. California.

18 Q. This was the Walnut, California office of
19 ViewSonic?

20 A. That's what I work out from.

21 Q. So which companies manufactured the CRT
22 finished products that ViewSonic purchased during the
23 relevant period?

24 A. Do you mean our suppliers?

25 Q. Correct.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 56

1 A. I can only recall a few.

2 Q. Okay. Who, who were they?

3 A. Matsushita, LG, Tatung, Capetronic, Jean,
4 Delta, yeah.

5 Q. Do you recall which of those suppliers were the
6 main suppliers?

7 A. Matsushita.

8 Q. Who at ViewSonic decided which suppliers to
9 use?

10 A. The purchasing team.

11 Q. When you were the head of purchasing was that
12 you?

13 A. Yes.

14 Q. How did you decide which brand of monitor to
15 purchase?

16 MR. HEAVEN: Object to form.

17 THE WITNESS: What do you mean by brand?

18 BY MR. VAN HORN:

19 Q. The supplier. How did you select which
20 suppliers?

21 A. Common business principle, how good quality of
22 the products that they can make, how strong the company
23 is.

24 Q. Any other factors?

25 A. How strong the company is, it refers to

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 57

1 financial business people's capability, technology,
2 their relationship with suppliers.

3 Q. Did you consider, for example, price in
4 selecting a supplier?

5 A. Yes.

6 Q. You said you determined -- one of the factors
7 you considered was quality. How did you determine the
8 quality of suppliers?

9 A. We have a quality team that give me the
10 information. We also did factory audit.

11 Q. You said another factor was the relationship
12 with supplier. What do you mean by that?

13 A. If they have purchasing power, they have --
14 they have good access to technology, good access to the
15 components that make into the products sold to us.

16 Q. Did your suppliers change during the relevant
17 period?

18 MR. HEAVEN: Object to form.

19 THE WITNESS: Yeah, sometimes.

20 BY MR. VAN HORN:

21 Q. And what would cause a change in supplier?

22 A. They may not have the products, or they don't
23 want to manufacture the products anymore, or their
24 quality is very bad.

25 Q. Did you ever change suppliers due to a change

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 58

1 in price?

2 A. For CRT monitors?

3 Q. Yes.

4 A. Not really.

5 Q. Compared to the other factors you've given me,
6 how important was price in making the determination of
7 which supplier?

8 A. For CRT monitors?

9 Q. Correct.

10 A. Not that much.

11 Q. So for example, if Matsushita increased its
12 price for its CRT monitors, you might not have switched
13 from them because other factors made you decide to stay
14 with them?

15 A. Correct.

16 Q. For the monitors that you purchased did
17 ViewSonic sell competing products, that competed with
18 monitors that did not contain CRTs?

19 MR. HEAVEN: Object to form.

20 THE WITNESS: I don't know how to define
21 competing. If it's ViewSonic product then it's
22 ViewSonic products.

23 BY MR. VAN HORN:

24 Q. Were there ViewSonic products that did not
25 contain CRTs that competed with CRT finished products?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 73

1 site ever for a CRT finished product purchased by
2 ViewSonic?

3 MR. HEAVEN: Same objection.

4 THE WITNESS: I think so.

5 BY MR. VAN HORN:

6 Q. And when a product was shipped from Thailand
7 can you tell in this document -- from this document
8 where the product was shipped to?

9 MR. HEAVEN: Object to form. Calls for
10 speculation.

11 THE WITNESS: It says on the document say "to."
12 It may be or may not be.

13 BY MR. VAN HORN:

14 Q. And where was it shipped to?

15 A. I'm not very sure. It just say to Walnut,
16 California.

17 Q. So according to the document, the product was
18 shipped from Thailand, where it was made, to Walnut,
19 California. Is that an accurate understanding of the
20 document?

21 MR. HEAVEN: Misstates the document. She
22 didn't say it was shipped from Thailand.

23 THE WITNESS: I'm not sure. It just say to
24 Walnut, California.

25 ///

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 74

1 BY MR. VAN HORN:

2 Q. When ViewSonic Corporation purchased products
3 from manufacturers in Asia, what was ViewSonic's
4 practice for having those products shipped?

5 MR. HEAVEN: Object to form. Vague.
6 Ambiguous.

7 THE WITNESS: You mean when we purchase a
8 product --

9 BY MR. VAN HORN:

10 Q. Yeah.

11 A. -- where are the products being shipped?

12 Q. Tell me how products got from Asia to Walnut,
13 California, when you -- when ViewSonic Corporation
14 purchased it during the relevant period.

15 MR. HEAVEN: Same objections.

16 THE WITNESS: By commercial carriers.

17 BY MR. VAN HORN:

18 Q. Did it come directly from the manufacturer to
19 Walnut, California, or did it stop somewhere in between?

20 A. I'm not --

21 MR. HEAVEN: Calls for speculation. Lacks
22 foundation.

23 THE WITNESS: I'm not sure.

24 BY MR. VAN HORN:

25 Q. In preparing for your deposition today did you

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 75

1 review any documents that would permit you to answer how
2 ViewSonic Corporation shipped products, CRT monitors
3 from Asia to California?

4 MR. HEAVEN: Object to form. It's outside the
5 scope.

6 THE WITNESS: It shipped, shipped by commercial
7 carrier.

8 BY MR. VAN HORN:

9 Q. Right. My question was did you review any
10 documents that would permit you to discuss how the
11 products were shipped? For example, bill of lading or
12 spreadsheets reflecting how the product was shipped.

13 A. No.

14 MR. HEAVEN: Same objection.

15 BY MR. VAN HORN:

16 Q. Did product of ViewSonic Corporation -- did CRT
17 monitors purchased by ViewSonic sometimes get shipped to
18 a ViewSonic location outside the United States before
19 being shipped to locations in the United States?

20 A. Depends --

21 MR. HEAVEN: Object to the form of the
22 question.

23 THE WITNESS: Depending on where the purchase
24 orders -- or no, let me rephrase it. Depending on which
25 region purchased.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 76

1 BY MR. VAN HORN:

2 Q. Okay. Explain that to me. How does it depend
3 on which region?

4 A. Like VSI, Asia Pacific, they may issue purchase
5 order, purchase the products and then the product was
6 shipped to VSI-designated locations.

7 Q. How about for VSA, when VSA ordered product,
8 were there occasions when VSA ordered product from a
9 supplier and the supplier shipped the product first to a
10 ViewSonic location outside the United States?

11 A. For VSA it's always VSA receive the products in
12 the U.S.

13 Q. Were there occasions when VSA product was first
14 shipped to VSI in Taiwan and then shipped to VSA?

15 MR. HEAVEN: Object to form. Asked and
16 answered.

17 THE WITNESS: I don't recall any.

18 BY MR. VAN HORN:

19 Q. What documents would permit you to determine
20 where product was shipped to by ViewSonic when VSA made
21 purchases during the relevant period?

22 A. I cannot recall.

23 Q. Are you familiar with what type of document
24 would permit you to determine how product came to
25 ViewSonic?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 85

1 A. Okay. First of all, I don't know if this type
2 of e-mail is asking support or not. I don't know the
3 context. I cannot remember the context of it, but if we
4 want quantity we will ask our suppliers.

5 MR. HEAVEN: Are you going to another document,
6 Shaun?

7 MR. VAN HORN: I was.

8 MR. HEAVEN: Can we just take a break?

9 MR. VAN HORN: Yeah, let's just take a break
10 given where we're at.

11 THE VIDEOGRAPHER: This marks the end of Media
12 No. 1 in the video deposition of Bonny Cheng. The time
13 is approximately 11:30 a.m. and we're going off the
14 record.

15 (Recess)

16 THE VIDEOGRAPHER: This marks the beginning of
17 Media No. 2 in the video deposition of Bonny Cheng. The
18 time is approximately 11:40 a.m. and we're back on the
19 record.

20 BY MR. VAN HORN:

21 Q. Ms. Cheng, I want to ask you now some questions
22 about the contracting that ViewSonic Corporation did
23 with its suppliers. Did ViewSonic enter into master
24 purchasing agreements with its vendors that sold CRT
25 finished products?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 86

1 A. What do you mean by "master agreement"?

2 Q. Well, a standard contract governing the terms
3 of the purchase.

4 A. We have OEM agreements.

5 Q. And was this a standard agreement, meaning it
6 was similar, the same basic agreement for each vendor,
7 or were they very different from each other?

8 A. Some basic category is the same but the
9 contents of each category may be different.

10 Q. What were the major terms that would be
11 negotiated in the OEM agreements?

12 MR. HEAVEN: Object to form. Calls for
13 speculation. Lacks foundation. Vague. Ambiguous.

14 THE WITNESS: I remember a few, like delivery,
15 like definitions.

16 BY MR. VAN HORN:

17 Q. Ms. Cheng, did you negotiate OEM agreements
18 with suppliers?

19 A. Myself and my team when doing the purchasing
20 jobs.

21 Q. And the provisions that suppliers negotiated
22 over, other than delivery and definition, what other
23 provisions would the suppliers ask for terms or
24 different terms than the ones you gave?

25 A. They ask a lot. Whatever is in the OEM

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 87

1 agreement that we negotiate each -- each line of it.

2 Q. What is a general program agreement?

3 A. It is a -- an agreement of -- of developing a
4 product.

5 Q. What does that mean, developing a product?

6 A. Like I want to develop a 14-inch CRT monitors
7 with Matsushita, then we will have some basic spec on
8 that agreement.

9 Q. And so the general program agreement related to
10 a product that you would develop with the supplier?

11 A. Yes.

12 (Exhibit 7248 marked)

13 BY MR. VAN HORN:

14 Q. I'm handing you what's been marked
15 Exhibit 7248, VIEW_CRT00048498.

16 Please take a look at that document and let me
17 know when you've had a chance to review it and I'll ask
18 you some questions about it.

19 So Ms. Cheng, do you recognize this document?

20 A. Yeah. Yes.

21 Q. What is this?

22 A. It says it's an OEM agreement, ODM agreement.

23 Q. And who is this with?

24 A. It says in here it's between ViewSonic
25 Corporation and Premier Image Technology Corporation.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 91

1 privileged.

2 Instruct you not to answer the question.

3 BY MR. VAN HORN:

4 Q. Can you tell me any OEM contract that you are
5 familiar with just mentally in your own impression right
6 now, can you identify an OEM contract that you are
7 familiar with?

8 A. Okay.

9 MR. HEAVEN: Object to form.

10 THE WITNESS: We --

11 MR. HEAVEN: Vague.

12 THE WITNESS: Some of the suppliers we do have
13 OEM contracts and -- but I cannot recall, you know, the
14 details of it.

15 BY MR. VAN HORN:

16 Q. Can you tell me any particular OEM's contract
17 with which you are currently familiar?

18 MR. HEAVEN: Same objection.

19 THE WITNESS: With our current suppliers?

20 BY MR. VAN HORN:

21 Q. Or any past ones. In particular CR -- I need
22 to know about CRT product makers, so any CRT product OEM
23 agreements.

24 A. Delta, Matsushita.

25 Q. You're familiar with the terms in the Delta and

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 99

1 that's what we ask for.

2 BY MR. VAN HORN:

3 Q. Okay. And consistent with this provision did
4 the pricing provided by suppliers usually go down?

5 A. Not necessarily.

6 Q. How often would the pricing be revised up under
7 OEM contracts?

8 MR. HEAVEN: Object to form of the question.
9 Vague. Ambiguous.

10 THE WITNESS: Okay. First of all, we don't
11 really use the OEM contracts to govern the price --
12 negotiation of price increase or decrease. This is just
13 a general terms that we put in the OEM agreement. So it
14 depending on the -- what the supplier told us that they
15 need to increase or they need to decrease the price.

16 BY MR. VAN HORN:

17 Q. So why did you include the language that "The
18 parties expect that the pricing for products will
19 decrease over time"?

20 A. This is negotiation tactic. They just put it
21 in there.

22 Q. And what were the reasons that pricing for CRT
23 finished products -- what reasons would CRT finished
24 product suppliers give you in the instances where prices
25 would go up for increasing the price?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 110

1 course of a transaction with a CRT finished product
2 manufacturer take title to the monitors?

3 A. I don't recall.

4 Q. Do you recall -- do you know where that would
5 be recorded internally by ViewSonic Corporation?

6 A. I don't know.

7 Q. Okay. Now flip to Appendix C. Sorry.

8 A. Appendix C?

9 Q. Appendix C is on Page 10 and it starts with, it
10 says, "Supply Chain Management," and under the C.1.1 it
11 says:

12 "VSA will be responsible for
13 consolidating the product purchase
14 forecasts from each of its regions
15 into a worldwide buying plan."

16 What is the worldwide buying plan?

17 A. It's an Excel spreadsheet that we consolidate
18 each region's quantity that they want to purchase.

19 Q. And are these the same regions we discussed
20 earlier, the -- well, you tell me actually what are the
21 regions that get consolidated?

22 A. Sometimes we don't have every region purchase
23 the same products, so -- but if there is, then it's VSA,
24 VSE, VSI, VSCN.

25 Q. And so VSA, under this particular contract, VSA

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 111

1 was responsible for putting together that spreadsheet
2 for all of the regions in order to submit them to the
3 supplier; is that correct?

4 A. Correct.

5 Q. And in order to determine -- for VSA to
6 determine how much supply to put in the worldwide buying
7 plan, how did it know how much product to include in the
8 worldwide buying plan for VSE, VSI, VSCN and other
9 regions?

10 A. They provided the numbers. VSA just
11 consolidate them.

12 Q. Oh. So VSA would contact those regions to get
13 that information?

14 MR. HEAVEN: Misstates testimony.

15 THE WITNESS: I don't know whether they contact
16 them, you know, every time, but it's just a normal
17 process that we have.

18 BY MR. VAN HORN:

19 Q. And once that buying plan was -- scratch that.

20 When the supplier delivered the product did the
21 supplier deliver product separately to each of the
22 regions, or did the supplier deliver all the product for
23 all regions at one time?

24 A. Okay. Supplier delivered the product based on
25 the P.O., not the buying plan. Okay? They ship it

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 112

1 according to each region's request. So it's not
2 necessarily it's the same time.

3 Q. Do suppliers sometimes combine shipments for
4 regions to a single location?

5 A. Rarely, never.

6 Q. Under the Order Procedure, C.2.6, it states:

7 "In the event of allocation,
8 ViewSonic may, from time to time,
9 secure key component allocation
10 commitments from component suppliers.
11 Supplier will ensure that product
12 quantity allocations to ViewSonic will
13 not be less than the commitment
14 quantities which ViewSonic has secured
15 from the component suppliers."

16 Who is a component supplier?

17 A. It can be some key components that make into a
18 monitors.

19 Q. What are the key components that go into
20 monitors?

21 A. It can be a specific chip set. It can be a
22 specific tube or LCD panels.

23 Q. So it says, "ViewSonic may secure key component
24 allocation commitments." What's a component allocation
25 commitment?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 117

1 according to the warranty terms, so we don't pay for the
2 parts.

3 BY MR. VAN HORN:

4 Q. Okay. So where did ViewSonic specify which
5 particular product or model that it wanted to purchase
6 under the agreement? How would you tell the suppliers
7 the specific product that you wanted?

8 A. We use a purchase order.

9 Q. Okay. Is that similar to the Tatung purchase
10 order we looked at earlier? Is that the type?

11 A. I think that was not a purchase order. That
12 was an invoice.

13 Q. That was an invoice? Sorry. So purchase order
14 is a different document?

15 A. Correct.

16 Q. And it would specify the specific model that
17 you were seeking?

18 A. Yes.

19 Q. Did -- did your purchase orders have to have a
20 minimum quantity to buy?

21 MR. HEAVEN: Object to the form of the
22 question.

23 THE WITNESS: No, not really.

24 BY MR. VAN HORN:

25 Q. You could buy basically in any amount?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 119

1 earlier, like Delta or Matsushita, did they include
2 price protection provisions?

3 A. I don't recall that they have.

4 Q. You said earlier your team negotiated these
5 agreements. What -- what was your role in negotiating
6 them?

7 A. Supervise them and sometimes we have something
8 that we cannot agree on, maybe I will step in.

9 Q. Would you review the final version of the OEM
10 agreement before it got signed?

11 A. Usually, yes.

12 Q. Who would sign the OEM agreement?

13 A. During the course of the years?

14 Q. Yeah.

15 A. I cannot remember. I think we changed.
16 Sometimes me, I think I have the ultimate
17 responsibility.

18 Q. You sometimes were the one who signed these
19 agreements?

20 A. Usually I sign it.

21 Q. When you were the general manager or --

22 A. Even a purchasing agent.

23 Q. Okay. Before you actually entered into the OEM
24 agreement how would you go about getting suppliers to
25 provide quotes or bid? Is there a process for

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 120

1 soliciting manufacturers to provide product?

2 MR. HEAVEN: Object to form.

3 THE WITNESS: We don't really have specific way
4 but it just asking the supplier what is the month for
5 the -- I mean what's the price for this month or this
6 period.

7 BY MR. VAN HORN:

8 Q. I see. So you would just basically get quotes?

9 A. Right.

10 Q. They'd give you a list of product and prices?

11 A. Yeah.

12 Q. Did you ever have an auction process? Did you
13 ever auction between to compete suppliers against each
14 other?

15 A. Usually not because we don't have a product --
16 the same -- we don't purchase the same product from
17 different supplier. Each supplier's product is pretty
18 different from others.

19 Q. When -- when you would negotiate -- after
20 entering into an OEM contract and you would negotiate
21 price with the supplier, what was that process? How did
22 the supplier tell you what they thought the new price
23 would be or should be?

24 A. They just tell us.

25 Q. And they would send that to you in just a list

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 121

1 of the products and what they want the prices to be?

2 A. Usually, yes.

3 Q. And then how would you respond to that?

4 A. Sometime we agree, sometime we say we don't
5 agree.

6 Q. Would you -- would you respond back with a list
7 of the prices you wanted to pay for the products?

8 A. Sometimes, yes, sometimes no.

9 Q. Did -- did the manufacturers usually come down
10 from the prices they opened at or did they usually
11 basically stay where they started?

12 A. It depends.

13 Q. How were non-price terms negotiated in the
14 contracts? We just looked at one example, but if a --
15 if an OEM didn't like the delivery terms, how would --
16 how would the OEM go about seeking to change that?

17 A. What do you mean by "delivery terms"?

18 Q. The OEM wants to deliver the product to a
19 different location than you've requested the OEM deliver
20 the product, or wants, you know, title to pass at a
21 different spot along the way, something that deviated
22 from the terms you had put out in the OEM. How would
23 you negotiate those price -- those non-price terms in
24 the contract with the OEM?

25 A. It rarely happened that we renegotiate.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 153

1 are doing.

2 BY MR. VAN HORN:

3 Q. No, not your competitors. If a supplier of CRT
4 finished products changed its price, did you observe any
5 effect on the price of other CRT finished product
6 manufacturers' products?

7 MR. HEAVEN: Same objection.

8 THE WITNESS: Not necessarily.

9 BY MR. VAN HORN:

10 Q. So if, for example, Sony decreased its prices
11 substantially, would you observe any effect on the
12 prices of Sony's competitors for the sale of the same
13 type of product?

14 MR. HEAVEN: Object to form.

15 THE WITNESS: You mean Sony as a supplier to
16 ViewSonic?

17 BY MR. VAN HORN:

18 Q. Correct. Yeah.

19 A. Sometimes yes; sometimes no.

20 Q. When you were negotiating with your suppliers,
21 where would the negotiations take place?

22 A. For the subject period?

23 Q. Yeah. For negotiating the OEM contract where
24 would you have discussions with the suppliers?

25 A. U.S.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 154

1 Q. And where in the United States?

2 A. California.

3 Q. Was -- did ViewSonic ever travel to the
4 suppliers to negotiate the terms of purchase with them
5 at their locations?

6 A. Rarely because our legal people are in the U.S.
7 also.

8 Q. What -- what geographic location was
9 ViewSonic's suppliers located in?

10 MR. HEAVEN: Object to form.

11 THE WITNESS: Mostly Asia.

12 BY MR. VAN HORN:

13 Q. And where in Asia were the suppliers located?

14 A. Japan, Taiwan, yeah.

15 Q. Were there any suppliers located in the United
16 States?

17 A. I don't recall exactly. Maybe some small
18 quantity.

19 Q. Do you know who that -- which supplier that
20 would be?

21 A. I don't recall.

22 Q. When ViewSonic issued purchase orders to the
23 suppliers, who would issue the invoice back to
24 ViewSonic? Is it always the same entity or would it be
25 different?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 166

1 product that it received from those suppliers?

2 A. Depends. If VSA issued the purchase order
3 purchase the product, it was stored in the U.S. And if
4 it's Asia Pacific it will be stored in the Asia Pacific
5 warehouses.

6 Q. So for the products stored in the United
7 States, where in the United States was product stored?

8 A. Our main warehouse is -- was in California.
9 We -- I think we changed a couple times in California
10 but -- so I cannot remember exactly.

11 Q. Any warehouses outside of California?

12 A. We may have some intransit for maybe going
13 through Florida.

14 Q. Did you ever have products shipped directly
15 from the supplier to a customer of yours?

16 A. Very rarely, you know, a few times that I know
17 of.

18 (Exhibit 7257 marked)

19 BY MR. VAN HORN:

20 Q. I'm handing you what's been marked
21 Exhibit 7257. It has the Bates stamp VIEW_CRT0000862.
22 And I believe this is only two tabs of the spreadsheet
23 that is this document. It was a spreadsheet containing
24 many tabs.

25 Do you recognize this document?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 168

1 would these be the purchase orders related to that
2 supplier, Delta Thailand?

3 A. Possibly.

4 Q. Now, I want to ask about some of the
5 categories, the columns. So the first column, P.O.
6 number, am I correct that that's the purchase order
7 number that the information in that row relates to?

8 A. I think so.

9 Q. And now, the column "CRT," what does that
10 column mean?

11 A. CRT, okay. Yes.

12 Q. What -- what information is contained in the
13 column "CRT"?

14 A. It says "LG" here.

15 Q. Yeah, it says "LG." What does that mean?

16 MR. HEAVEN: Calls for speculation.

17 THE WITNESS: The monitor have LG's CRT in it.

18 BY MR. VAN HORN:

19 Q. Okay. And the "Ship to" column, is that the
20 location to which the product from Delta Thailand was
21 shipped to?

22 A. That's what it says here, looks like.

23 Q. And when it says -- so it says Walnut, and
24 Walnut, I assume, is VSA's headquarters in Walnut,
25 California; is that correct?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 169

1 A. Walnut, California, yes.

2 Q. Okay. Now, sometimes there is an entry, like
3 one, two, three, four, five, six rows down, it says "BV
4 Netherlands." What's -- what's that?

5 A. It's a -- our Europe warehouse.

6 Q. So does this spreadsheet -- was VSA making
7 purchases for delivery to your European warehouse?

8 A. I'm not very sure. I think for a short period
9 of time that the supply chain in VSA have a little bit
10 on the VSE when they are short of people or -- or just
11 starting.

12 Q. I see. So for some -- at some point in time or
13 for some period of time VSA was helping VSE with
14 purchasing?

15 A. I cannot recall but maybe just helping on the
16 documents.

17 Q. Okay. You flip to the other side, the next
18 page, Page 2, it's actually a separate tab in the Excel
19 spreadsheet, so on the bottom right we note the tab
20 name.

21 A. Oh.

22 Q. E70B-10.

23 A. Okay.

24 Q. And here the only question I wanted to ask you
25 is about in the "Ship to" category you'll see in the

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 171

1 Q. I see. So this was -- other than Wal- --
2 Walnut, California was a warehouse you, ViewSonic owned?

3 A. Correct.

4 Q. Whereas other warehouses used in North America
5 were other companies' warehouses?

6 A. Maybe or may not be, it's just third party -- a
7 third-party logistic company.

8 (Exhibit 7258 marked)

9 BY MR. VAN HORN:

10 Q. Okay. So I'm handing you what's been marked
11 Exhibit 7258, which is Bates numbered VIEW_CRT00008621.

12 Do you recognize this document?

13 A. Yes.

14 Q. Is this the same type of document that we
15 looked at in Exhibit 7257, the prior document?

16 A. Similar.

17 Q. On the first page there is "Delta Thailand" at
18 the top of the document. Does that mean, again, in this
19 case Delta Thailand would be the vendor of the product?

20 A. Possibly, yes.

21 Q. And now this time in the "CRT" column you see
22 it says "SDI." What does "SDI" refer to?

23 A. I cannot recall exactly the short form.

24 Q. Is it a -- is that the maker of the CRT tube?

25 A. Yeah, probably.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 172

1 Q. And the ship to location here it says Furness.
2 What is -- what is Furness?

3 A. It's a warehouse in Europe.

4 Q. So is this -- this document, is this ViewSonic
5 Corporation making purchases for product that's being
6 shipped to Europe?

7 MR. HEAVEN: Object to form.

8 THE WITNESS: I don't know who prepared this.
9 Maybe our Europe people prepare it.

10 BY MR. VAN HORN:

11 Q. Who at ViewSonic prepares these types of
12 documents?

13 A. Regional supply chain management.

14 Q. Flip to the third page. Looking at the CRT
15 column on this page, do you see that it says "Samsung"
16 for CRT. Does that mean that Samsung was the
17 manufacturer of the CRT in these products?

18 MR. HEAVEN: It actually says "Sumsung."

19 BY MR. VAN HORN:

20 Q. Oh, I'm sorry, Sum -- S-u-m-s-u-n-g. We can --
21 if you flip one more page, we'll look at that one
22 instead. Samsung is spelled correctly on that page.
23 Does that mean that Samsung is the manufacturer of the
24 CRT in those products?

25 A. Possibly.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 231

1 is approximately 4:55 p.m. and we're going off the
2 record.

3 (Recess)

4 THE VIDEOGRAPHER: This marks the beginning of
5 Media No. 4 in the video deposition of Bonny Cheng. The
6 time is approximately 5:36 p.m. and we're back on the
7 record.

8

9 EXAMINATION

10

11 BY MR. GOLDSTEIN:

12 Q. Good afternoon, Ms. Cheng. My name is Kevin
13 Goldstein and I represent the Panasonic defendants in
14 this case.

15 A. Good afternoon.

16 Q. Good afternoon.

17 What I want to do first is just show you a
18 document that we're going to mark and get in and then
19 we'll put it aside for a minute, but I've asked the
20 court reporter to mark as Exhibit 7262 the document
21 produced by ViewSonic and Bates stamped
22 VIEW_CRT00041042. And the document is titled "OEM
23 Agreement Between ViewSonic and Matsushita Electric
24 Industrial Co., Ltd?"

25 MR. HEAVEN: Could I get a copy of that?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 232

1 MR. GOLDSTEIN: Oh, yeah.

2 MR. HEAVEN: Could I get two?

3 (Exhibit 7262 marked)

4 BY MR. GOLDSTEIN:

5 Q. Ms. Cheng, after you've had a second to look at
6 the document if you can tell me, do you recognize this
7 document?

8 A. Yes.

9 Q. Were you involved in preparing this document?

10 A. Yes.

11 Q. And did you maintain a copy of this in your
12 files at any time?

13 A. I think it's in our legal counsel's.

14 Q. Okay. Thank you.

15 If you can put it aside for a second and we'll
16 come back to it. I just wanted to get it marked.

17 A. Okay.

18 Q. I have a few questions looking back to some
19 other documents that we've covered earlier and just some
20 general questions to follow up on. If you could please
21 find Exhibit 7256, which was a purchase order, or a
22 number of purchase orders.

23 A. Okay.

24 Q. Are these -- are purchase orders such as this
25 one kept in hard copy at ViewSonic?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 264

1 BY MR. GOLDSTEIN:

2 Q. Other than the size, were there other specs you
3 recall being able to choose?

4 A. I don't recall. For CRT actually we have much
5 less choice.

6 Q. Would you purchase from an existing product
7 list that Matsushita provided to you?

8 A. Yeah, usually they have -- usually what -- they
9 have a product, they bring it over and show it to us and
10 tell us this is what they make, and then if we think
11 it's good then we'll purchase it.

12 Q. Did you have input on the -- sort of the
13 plastic housing for the outside of the monitor?

14 A. Yes, we -- that is our ID, ViewSonic look.

15 Q. So that would be customized for ViewSonic?

16 A. Sometimes yes, sometimes no, if we take their
17 standard product. Sometimes they have standard product,
18 then we just take their product and patch our name on
19 it. Sometimes we do give them our ID look and then just
20 tool off from there.

21 Q. Would it typically be cheaper to purchase a
22 standard product than a customized one?

23 A. I cannot say it's -- it varies.

24 Q. Okay. So now I want to switch to the period
25 from 1999 onward when the OEM agreement was in effect.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 265

1 A. Okay.

2 Q. But first I just want to confirm about the
3 negotiation of the OEM agreement itself. So I think you
4 said before you were involved in negotiating this
5 agreement?

6 A. Correct.

7 Q. I think you said in your declaration that you
8 had ultimate responsibility for the agreement?

9 A. Correct.

10 Q. Do you -- were there other people on your team
11 that had involvement in negotiating the OEM agreement
12 but less than -- less than ultimate?

13 MR. HEAVEN: Asked and answered.

14 THE WITNESS: Yes. I have my team work with
15 me.

16 BY MR. GOLDSTEIN:

17 Q. Was everyone on the team involved in
18 negotiating the OEM agreement?

19 A. If they are purchasing agent then they will be,
20 I mean they are, but I cannot recall who is the
21 purchasing agent responsible for Matsushita at that
22 time.

23 Q. So would you have a purchasing agent who was
24 assigned to a certain supplier or had special
25 responsibility for Matsushita?

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 267

1 weeks, months.

2 Q. Do you recall -- so prior -- prior to this
3 agreement you had just a purchase order system. Do you
4 recall who proposed entering an OEM agreement in the
5 first place?

6 MR. HEAVEN: Object to form. Lacks foundation.
7 Calls for speculation.

8 THE WITNESS: I forgot. I think the legal
9 department, myself.

10 BY MR. GOLDSTEIN:

11 Q. So you think ViewSonic proposed it, not
12 Matsushita?

13 A. I don't recall, but we -- as ViewSonic I can
14 only speak of ViewSonic that we have desire to enter OEM
15 agreements.

16 Q. Would you say it's correct that this -- the
17 form of the OEM agreement with Matsushita generally
18 follows the same format as ViewSonic's sample exhibit
19 that was Exhibit 7248?

20 A. Okay. Yes.

21 Q. Why, why was it important to ViewSonic to enter
22 into OEM agreements?

23 A. Why it's important?

24 Q. Yeah.

25 A. Well, some of the terms and conditions was not

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 268

1 in the purchase orders and we wanted to make it formal.

2 Q. What kind of terms and conditions wouldn't be
3 covered by purchase orders?

4 A. Like the definition, like the logistics,
5 tooling, the quality, spare parts, change,
6 indemnification.

7 Q. So it's fair to say that there were a lot of
8 terms ViewSonic wanted in negotiating the OEM
9 agreements?

10 A. Yes.

11 Q. So you said earlier that you had ultimate
12 responsibility for this agreement. Looking back to the
13 signature page, Page 18 of the agreement, it shows
14 that -- am I correct that it shows that James Chu, the
15 president and CEO of ViewSonic signed the agreement?

16 A. Yes.

17 Q. What was Mr. Chu's involvement in negotiating
18 the agreement?

19 A. Not much at all.

20 Q. Not much but some? What role did he have?

21 A. No. He would not go down to these kind of
22 details.

23 Q. Did he -- do you recall if he reviewed the
24 agreement before signing it?

25 A. I don't know if he reviewed it.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 270

1 MR. HEAVEN: Asked and answered.

2 THE WITNESS: No difference.

3 BY MR. GOLDSTEIN:

4 Q. So it was the same as during the purchase order
5 system prior to the OEM agreement?

6 A. For pricing purpose.

7 Q. Okay. Okay. I have a question now with
8 Article 7 of this agreement, which is titled "Shipment
9 and Delivery." It's on Page 6.

10 A. Okay.

11 Q. Section 7.1 says:

12 "Matsushita shall ship product only
13 pursuant to ViewSonic's purchase orders
14 accepted by Matsushita. Product shall
15 be shipped FOB international port of
16 embarkation, Japan, in accordance with
17 INCOTERMS 1990, at which point, title
18 and risk of loss or damage will pass to
19 ViewSonic from Matsushita at the said
20 port in Japan."

21 So is it correct that under this provision
22 ViewSonic took title in Japan of the monitors that it
23 purchased from Matsushita?

24 A. When it shipped on board, that's my
25 understanding.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 271

1 Q. It says here, "Product shall be shipped FOB."
2 Is it your understanding that there were times when it
3 wasn't shipped FOB international port of embarkation
4 Japan?

5 A. I don't recall exactly with Matsushita or not,
6 but I think at one point we also do arrival at the U.S.
7 port.

8 Q. But under the terms of this agreement it was
9 FOB Japan?

10 A. That's what it says here, yes.

11 Q. And your understanding is that from -- from the
12 moment it was delivered to the port in Japan ViewSonic
13 bore the risk of loss if, for example, the ship sunk?

14 A. That's what it says here.

15 MR. HEAVEN: Object to form.

16 BY MR. GOLDSTEIN:

17 Q. So at the time the monitors left Japan
18 ViewSonic owned them?

19 A. That's what it says in here.

20 Q. Okay. Was this provision any different from
21 the usual practice prior to the OEM agreement, or did
22 ViewSonic -- even prior to the OEM agreement did
23 ViewSonic take title in Japan typically?

24 MR. HEAVEN: Object to form.

25 THE WITNESS: I -- I don't remember exactly.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 283

1 LG agreement.

2 A. Okay.

3 Q. Which is Exhibit 7265. And I'd like to look at
4 Article 7 on Page 5, which is "Shipment and Delivery."
5 Section 7.1 says:

6 "Product shall be shipped FOB
7 international port of embarkation, Korea,
8 with title and risk of loss or damage to
9 pass to ViewSonic from vendor at the
10 appropriate port."

11 Similar to the other agreements we talked
12 about, is it correct that here ViewSonic would take
13 title of any purchases from LG in Korea?

14 A. As it says in this agreement, in reality we may
15 changed one point in time, but I cannot recall, but in
16 general -- in general that would put that in the OEM
17 agreement.

18 Q. If there were a change would it be reflected in
19 purchase orders?

20 A. Yes.

21 Q. Would it be reflected anywhere else?

22 A. No.

23 Q. And so generally by the time the CRT monitors
24 left Korea, ViewSonic already owned them?

25 A. Yeah, it says if it's shipped FOB Korea.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 286

1 A. ViewSonic office.
2 Q. Gotcha. And where is that located?
3 A. Brea, California.
4 Q. I'm sorry?
5 A. Brea.
6 Q. La Brea? And who attended that meeting?
7 Mr. Heaven?
8 A. Yeah, Astor Heaven.
9 Q. Okay. And who else?
10 A. Drew.
11 Q. Mr. Slade?
12 A. Yes.
13 Q. Okay.
14 A. And Emmy.
15 Q. Okay. And anybody else?
16 A. Jason.
17 Q. Jason?
18 A. Yeah, and Jerry.
19 Q. Jerry. Do you know Jason's last name?
20 A. I forgot.
21 Q. Do you know Jerry's last name?
22 A. I forgot.
23 Q. Was it Mr. Jerry Murphy, the one that was here
24 earlier?
25 A. Yes.

HIGHLY CONFIDENTIAL
Bonny Cheng -- October 9, 2014

Page 357

1 STATE OF CALIFORNIA)
) SS
2 COUNTY OF LOS ANGELES)

3

4 I, Jean F. Holliday, a Certified Shorthand
5 Reporter, do hereby certify:

6 That prior to being examined, the witness in the
7 foregoing proceedings was by me duly sworn to testify to
8 the truth, the whole truth, and nothing but the truth;

9 That said proceedings were taken before me at the
10 time and place therein set forth, and were taken down by
11 me in shorthand and thereafter transcribed into
12 typewriting under my direction and supervision;

13 I further certify that I am neither counsel for,
14 nor related to, any party to said proceedings, nor in
15 anywise interested in the outcome thereof.

16 In witness whereof, I have hereunto subscribed my
17 name.

18

19 Dated: October 20, 2014

20

21

Jean F. Holliday
22 CSR No. 4535, RPR, CRR

23

24

25